

# Notes to the Interim Accounts

## 1. Principal accounting policies and basis of preparation

The unaudited condensed consolidated interim accounts (the “Interim Accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 31st March, 2000.

## 2. Segment information

The Group is principally engaged in the manufacture of athletic and sports leisure footwear products and an analysis of the Group’s turnover to operating profit by geographical markets is as follows:

	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2000</b>	<b>1999</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Principal markets:		
United States of America	<b>305,840</b>	242,633
Europe	<b>94,350</b>	119,917
Asia	<b>78,514</b>	31,234
Canada	<b>9,026</b>	6,360
Other areas	<b>33,445</b>	75,194
	<b><u>521,175</u></b>	<b><u>475,338</u></b>

No analysis of the contribution by geographical markets is presented as none of the ratios of the contribution to operating profit achieved from these individual markets are substantially out of line with the normal ratio of turnover to operating profit.

### 3. Operating profit before finance cost

The Group's operating profit before finance cost is arrived at after crediting /(charging):

	<b>Six months ended</b>	
	<b>30th September,</b>	
	<b>2000</b>	<b>1999</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Crediting		
Interest income	<b>662</b>	552
Charging		
Depreciation	<b>(16,997)</b>	(29,612)
Operating lease rentals for land and buildings	<b><u>(1,859)</u></b>	<b><u>(2,230)</u></b>

### 4. Taxation

No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the period. Overseas taxation has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

### 5. Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the Group's profit attributable to shareholders of HK\$27,819,000 (1999: loss of HK\$41,641,000) and weighted average of 340,616,934 (1999: 340,616,934) shares in issue during the period.

No dilutive earnings per share amount has been presented for the six months ended 30th September, 2000 as the Company has no potential ordinary shares that would give rise to any dilutive effect on its earnings per share (1999: No diluting effect).

## 6. Accounts receivable and deposits

The Group allows an average credit period of 30 to 60 days to its trade customers.

	<b>30th September, 2000 (Unaudited) HK\$'000</b>	31st March, 2000 (Unaudited) HK\$'000
The aging analysis of accounts receivable (net of provisions for bad and doubtful debts) was as follows:		
Current to 30 days	<b>9,923</b>	3,684
31 to 60 days	<b>77,830</b>	77,399
Over 61 days	<b>5,063</b>	17,042
	<b>92,816</b>	98,125
Deposits	<b>2,498</b>	5,154
	<b><u>95,314</u></b>	<b><u>103,279</u></b>

## 7. Accounts payable and accruals

	<b>30th September, 2000 (Unaudited) HK\$'000</b>	31st March, 2000 (Unaudited) HK\$'000
The aging analysis of accounts payable was as follows:		
Current to 30 days	<b>35,134</b>	43,068
31 to 60 days	<b>15,161</b>	19,114
Over 61 days	<b>28,677</b>	31,449
	<b>78,972</b>	93,631
Accruals	<b>48,493</b>	39,377
	<b><u>127,465</u></b>	<b><u>133,008</u></b>

## 8. Contingent Liabilities

	<b>Company</b>	
	<b>30th September, 2000 (Unaudited) HK\$'000</b>	31st March, 2000 (Audited) HK\$'000
Guarantees executed in favor of banks to secure banking and loan facilities granted to subsidiaries	<b><u>56,309</u></b>	<b><u>66,759</u></b>